

Message Text

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73

ACTION EB-11

INFO OCT-01 ISO-00 EUR-25 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 ARA-16 IO-14

PA-04 USIA-15 PRS-01 SP-03 L-03 H-03 SS-20 NSC-07

DRC-01 /144 W

----- 101030

R 121550Z JUL 74

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 3986

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: ETRN, LU

SUBJ: AIR EUROPE INTERNATIONAL

REF: LUXEMBOURG 0429

1. DURING CALL JULY 12 ON PIERRE HAMER, DIRECTOR OF CIVIL AVIATION, I RAISED SUBJECT OF AIR EUROPE. HAMER SAID THAT AIR EUROPE WAS HAVING TECHNICAL PROBLEMS AND WOULD NOT COMMENCE OPERATIONS UNTIL MID OR LATE AUGUST RATHER THAN AUGUST 1 AS ORIGINALLY SCHEDULED. HAMER STATED THAT THE PROBLEM INVOLVES THE SALE OF TICKETS BUT WAS UNCLEAR ABOUT THE PARTICULARS OF THE PROBLEM.

2. ACCORDING TO HAMER, MINISTER OF TRANSPORT MARCEL MART HAS REQUESTED AIR EUROPE TO INCREASE ITS CAPITALIZATION WHICH NOW STANDS AT ONLY 250,000 LUXF. HAMER REPORTS THAT GUY KONSBRUCK, LUXEMBOURG LAWYER FOR AIR EUROPE, TOLD HIM (HAMER) THAT ERMAN PESSIS PLANS TO

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INCREASE THE CAPITAL PARTLY BY SELLING STOCK IN THE

COMPANY IN LUXEMBOURG. IF PESSIS DOES CHOOSE THIS
ROUTE, HE COULD RUN INTO DIFFICULTIES WITH THE
BANK COMMISSIONER WHO CONTROLS THE SALE OF STOCKS.

3. HAMER INDICATED THAT HE IS STILL VERY INTERESTED
IN OBTAINING ANY INFORMATION THAT THE US MAY HAVE
ON THE FINANCIAL BACKERS OF AIR EUROPE OTHER THAN HERMAN
PESSIS. HAMER IS CONCERNED THAT THE AIRLINE WILL BE
UNPROFITABLE PARTICULARLY IF IT DOES NOT START OPERATIONS
UNTIL NEAR THE END OF THE SUMMER SEASON. HE ESTIMATES THAT
THE AIRLINE WILL HAVE TO OPERATE AT ABOUT
90 PERCENT OF CAPACITY IN ORDER TO BREAK EVEN BECAUSE OF THE
LOW FARES THAT PESSIS IS CHARGING. LAVOREL

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Message Attributes

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Disposition Event:
Disposition History: n/a
Disposition Reason:
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30 JUN 2005

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